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SUBJECT: MORE BUSINESS VIEWS ON PARLIAMENTARY ELECTIONS

Classified By: Ambassador William J. Burns for Reasons 1.4 (b/d)

Summary

¶1. (C) Boris Jordan, a well-known American businessman of Russian ancestry, said the December 2 parliamentary elections should be seen as part of President Putin's plan to continue to exercise influence after his current term expires, preferably from the sidelines. Jordan expressed hope that bilateral relations would improve once Russia's elections were over, led by increasing economic ties. Charlie Ryan, another leading American businessman in Russia, also saw the elections as part of an effort by Putin to retain influence, but said he still expected Putin to choose a strong successor and step further back when the new president showed he could control elite infighting without Putin's aid. End Summary.

Boris Jordan on Election; Bilateral Relations

¶2. (C) Jordan told Econ MC that United Russia would have won the elections with 60-70 percent of the vote even without the pressure tactics the party has deployed. Putin was genuinely popular and his endorsement of the party alone would have been enough. Even allowing the opposition access to television would have made no difference. That said, the leadership of United Russia besides Putin was average at best while the leadership of the opposition was even worse. The bottom line was that Putin was in complete control.

¶3. (C) Jordan said the conduct of the elections showed that Putin was not prepared to give up the reins of power. However, he thought Putin was tired from the effort it had taken to restore order to Russia following the chaos of the 1990s and would prefer to exercise control from the sidelines. Jordan said he fully expected Prime Minister Zubkov to be Putin's choice as his successor because of his personal loyalty to Putin. However, he would not be surprised to see Putin return to the presidency in two to four years if the situation became unstable or if his influence began to slip.

¶4. (C) Jordan added that he had once had a close relationship with Putin, which cooled after his dismissal as head of the NTV television station and after the 2004 presidential election when Putin began to distance himself more from "all things American." The rising anti-Americanism connected with this election was troubling. Jordan himself had recently come under attack in the Russian media solely because of his

U.S. citizenship. He hoped that after the elections the growing economic ties between the United States and Russia would provide the momentum needed to restore good bilateral relations.

Ryan on Elections

15. (C) Deutsche Bank's Ryan told Econ MC that as a long time resident of Russia and someone committed to the country's economic future, he found the conduct of the parliamentary elections deeply troubling. It had also been unnecessary. Putin was wildly popular and his support alone would have guaranteed United Russia a massive victory. He added that the opposition parties were largely irrelevant and that it was only the government's heavy-handed tactics that gave Kasparov and others any legitimacy at all. Ryan said he believed and hoped that United Russia's tactics were coming from the "bottom up," motivated by a desire on the part of the party cadre in various regions to outperform each other with respect to voter turnout and United Russia's share of the vote.

16. (C) Ryan said he thought the parliamentary elections were an attempt by Putin to ensure his continued influence after the presidential elections by installing a parliament personally loyal to him. Putin was also taking steps to assert greater control over Gazprom, the principal source of government revenue, through personnel changes with the same goal in mind. Ryan noted a certain irony in Putin using the Duma in this manner, an institution he had weakened in favor of the presidency. Ryan said Putin would ultimately be judged by history on how he handled the succession. If as Ryan thought still likely, Putin chose a strong successor,

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helped the new president establish the ability to arbitrate intra-elite disputes, and then retired gracefully he would be seen positively, regardless of any damage he had done to Russian democracy.

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